

Message Text

LIMITED OFFICIAL USE

PAGE 01 LUANDA 00917 171118Z

17

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 DHA-02 ORM-01 ACDA-05 L-03 H-02 PA-01

PRS-01 OES-03 INT-05 FEA-01 AGR-05 /115 W

----- 091346

P R 161800Z JUL 75

FM AMCONSUL LUANDA

TO SECSTATE WASHDC PRIORITY 3804

INFO AMEMBASSY LISBON

AMEMBASSY KINSHASA

AMEMBASSY LUSAKA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY PRETORIA

LIMITED OFFICIAL USE LUANDA 0917

E.O. 11652: N/A

TAGS: EGEN AO

YUBJECT: ANGOLA'S ECONOMY AFTER LATEST VIOLENCE

1. BEGIN SUMMARY: ANGOLA'S ECONOMIC PROBLEMS DIVIDE INTO TWO CATEGORIES, THOSE AFFECTING DAY TO DAY LIFE NOW -- SUCH AS FOOD SHORTAGES -- AND THOSE THE EFFECTS OF WHICH WILL HAVE A BASIC AND CONTINUING EFFECT. THE LONGER-RANGE PROBLEMS, THE WHITE EXODUS FOR EXAMPLE, ALTHOUGH ULTIMATELY CRIPPLING, HAVE NOT YET HAD A SERIOUS IMPACT. EVEN IMMEDIATE PROBLEMS ARE STILL SUPPORTABLE SINCE THE PRODUCTION DROP IN THE MODERN SECTOR HAS BEEN ROUGHLY BALANCED BY A DECLINE IN CONSUMPTION, BOTH DECLINES BASICALLY A RESULT OF WHITES LEAVING ANGOLA. EXCEPT FOR THE NORTH, FOOD SHORTAGES ARE NOT YET CRITICAL AND MUNICIPAL SERVICES CONTINUE TO FUNCTION EVEN THOUGH A
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LUANDA 00917 171118Z

SIGNIFICANT PART OF PERSONNEL HAVE LEFT. END SUMMARY.

2. REFUGEES, WHITE AND BLACK. THE LATEST AND MOST SERIOUS ROUND OF URUCN WARFARE WILL ACCELERATE THE RATE AT WHICH WHITES LEAVE BUT ONLY IF MORE AIRCRAFT SEATS ARE MADE AVAILABLE. TAP HAS NO AVAILABLE ADDITIONAL CAPACITY AND IS PLAGUED BY INTERMITTENT WORK FORCE SLOWDOWNS. AFTER INQUIRIES AMONG EUROPEAN CARRIERS, THE GOP HAS BEGUN SERIOUS PLANNING WITH SWISSAIR. PRESENT NET OUTMIGRATION IS APPROXIMATELY 3,500/WEEK (DURING AUGUST, 1974, THE RATE APPROACHED 10,000/WEEK WITH THE USE OF CHARTERS.) BLACK REFUGEES, BAKONGO AND OCIMBUNDOS, ARE PILING UP AROUND THE PALACE. PLANS ARE BEING IMPLEMENTED TO MOVE NORTHERNERS BY FREIGHTER TO SAN ANTONIO DO ZAIRE. THE DEPARTURE OF BOTH WHITES AND BLACKS HAVE LED TO DEEPENING UNEMPLOYMENT WHILE AT THE SAME TIME THE NEWSPAPERS CARRY WANT-ADS FOR SKILLED AND SEMI-SKILLED LABOR.

3. ECONOMIC DECLINE. SEVERAL FACTORS HAVE COMBINED TO BALANCE THE DECLINE. FOR EXAMPLE, THE LOCAL TIRE COMPANY CANNOT PRODUCE FOR LACK OF INPUTS, INCLUDING LABOR WHICH HAD FLED. AT THE SAME TIME SALES OF TIRES HAVE DROPPED SHARPLY AND THERE IS NO UNFILLED DEMAND. THERE ARE PARALLELS IN OTHER AREAS, PRIMARILY MANUFACTURED GOODS PREVIOUSLY PRODUCED WITH WHITE EXPERTISE (AND BLACK LABOR) FOR WHITE CONSUMERS WHO ARE LEAVING.

4. INFORMATION. CONSUMER PRICES MEASURED ON A MARKET BASKET BASIS HAVE INCREASED 16 PER CENT IN THE LAST THREE MONTHS. (CURRENCY IN CIRCULATION INCREASED 100 PERCENT IN THE PAST EIGHTEEN MONTHS, MOST OF IT FROM JUNE 1974, TO MAY OF THIS YEAR.)

5. STOCKS. ALTHOUGH STOCKS OF PETROLEUM PRODUCTS ARE AMPLE, THE LOCAL REFINERY STOPPED PRODUCING DURING THE JULY 9-73 FIGHTING, THE FIRST TIME IT HAS DONE SO EXCEPT FOR STOPPAGES DUE TO LABOR PROBLEMS. THE LIMITED STOCKS OF FOODSTUFFS THAT REACHED LUANDA JULY 15 WERE QUICKLY SNAPPED UP AND STOCKS ARE EXTREMELY LOW. A FEW DAYS OF PEACE, HOWEVER, MAY ENABLE THE CITY TO AVOID SERIOUS SHORTAGES IF THE PATTERN PREVAILING AFTER PREVIOUS VIOLENT PERIODS HOLDS.

6. PORT. THE LATEST VIOLENCE MADE LITTLE DIFFERENCE ON THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LUANDA 00917 171118Z

PORT SITUATION SINCE IT WAS ALREADY VIRTUALLY PARALYZED. ONE OF LUANDA'S TWO DAILIES (O JORNAL DE WNGOLA) SUSPENDED PUBLICATION

FOR A DAY AND IS AWAITING THE LANDING OF NEWSPRINT ON A SHIP WHICH HAS ALREADY WAITED FORTY DAYS FOR A BERTH. (GIVEN ITS PRO-FNLA SLANT AND MPLA'S CONTROL OF THE PORT'S LABOR, IT IS POSSIBLE O JORNAL DE ANGOLA WILL NEVER SEE ITS PAPER.)

7. AFTER NOTICES PUBLISHED JULY 15 BY THE MUNICIPAL WATER/POWER AUTHORITY THAT SERVICE COULD CEASE AT ANY MOMENT, IT STOPPED THAT NIGHT, THE ACCUMULATION OF UNPERFORMED MAINTENANCE HAVING TAKEN ITS TOLL. FALLING ROCKET AND MORTAR SHELLS RUPTURED WATER LINES IN SEVERAL PLACES CAUSING A DROP IN PRESSURE WHICH TURNED INTO A STOPAGE WHEN THE ELECTRICITY FAILED. PARTIAL GARBAGE COLLECTION HAS RESUMED.

8. EXPORT EARNINGS. OF ANGOLA'S BIG THREE, OIL, COFFEE, AND DIAMONDS, ONLY THE FIRST IS STILL PULLING ITS WEIGHT. THE PRESENT COFFEE CROP IS EXPECTED TO BE 20-35 PERCENT OF LEVELS REACHED IN THE TWO PRECEDING YEARS. ALTHOUGH ANGOLA COULD POSTPONE THE DROP IN COFAEE EXCHANGE EARNINGS BY SELLING OFF STOCKS, THE PORT PROBLEM ALONE PRECLUDES THIS. LICIT DIAMOND PRODUCTION IS ALMOST NIL.

9. INDUSTRIAL PRODUCTION. ALTHOUGH NO OFFICIAL OR UNOFFICIAL INDUSTRY-WIDE FIGURES ARE AVAILABLE, LIGHT INDUSTRIAL PRODUCTION IS AND WILL REMAIN A FRACTION OF PRE-COUP LEVELS. THE STEEL MILL, TIRE FACTORY AND CAR ASSEMBLY OPERATIONS ARE ALL BUT BUTTONED UP.

10. MISCELLANEOUS. THE TRANSITIONAL GOVERNMENT WAS FUNCTIONING AFTER A FASHION (SPENDING BUT NOT TAXING) BEFORE THE LATEST FIGHTING. WHAT IT WILL DO NOW IS UNCLEAR. THE BANKING SYSTEM IS OVERLIQUID AS A RESULT OF ALMOST NO LOANS BEING GRANTED. THE LABOR SCENE REMAINS CHAOTIC, SOME CIVIL CONSTRUCTION HAS RESUMED BUT MOST SITES ARE STILL ABANDONED.

11. AGRICULTURE. CATTLE FEED IS THE MAJOR PROBLEM AT PRESENT. PRODUCTION OF FOODSTUFFS IN THE SOUTH REMAINS UNAFFECTED WITH TRANSPORT TO THE CITIES THE PRIME BOTTLENECK.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 LUANDA 00917 171118Z

12. PROGNOSIS. THE LOWER LIMIT OF HOW FAR AND HOW FAST ANGOLA'S ONCE PROMISING ECONOMY WILL DETERIORATE WILL BE SET BY THE LEVEL AND DURATION OF THE PRESENT INTER-GROUP WAR. HOWEVER, EVEN AN IMMEDIATE AND PERMANENT CESSATION OF VIOLENCE PROBABLY WOULD NOT CONVINCE ENOUGH WHITES TO REMAIN TO AVOID A SERIOUS AND LENGTHY ECONOMIC DECLINE.
KILLORAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, POLITICAL SUMMARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LUANDA00917
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750247-0270
From: LUANDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750752/aaaabtyr.tel
Line Count: 161
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAY 2003 by ShawDG>; APPROVED <02 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: EGEN, AO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006